

National Trust Annual Report 1976



AR13

Quarterly summary of Income and Earnings

(All amounts, except Net Operating Income per share,
are in thousands of dollars)

Quarter	Fees and Commissions	Investment Income Less Interest Paid	After-Tax Net Operat- ing Income	Net Operating Income Per Share*
1st	\$ 3,449	4,447	1,603	.43
2nd	3,971	4,257	1,734	.45
3rd	4,929	4,194	1,655	.44
4th	4,569	4,896	1,540	.41
1973	<u>\$16,918</u>	<u>17,794</u>	<u>6,532</u>	<u>1.73</u>
1st	\$ 3,916	4,687	1,442	.38
2nd	4,642	4,056	1,400	.37
3rd	4,829	5,035	2,037	.54
4th	5,206	4,636	1,327	.35
1974	<u>\$18,593</u>	<u>18,414</u>	<u>6,206</u>	<u>1.64</u>
1st	\$ 4,562	5,030	1,553	.41
2nd	5,017	5,265	1,514	.40
3rd	5,674	5,585	1,974	.52
4th	6,592	5,587	2,183	.58
1975	<u>\$21,845</u>	<u>21,467</u>	<u>7,224</u>	<u>1.91</u>
1st	\$ 5,340	6,353	2,111	.56
2nd	6,433	7,041	2,524	.67
1976 to-date	<u>\$11,773</u>	<u>13,394</u>	<u>4,635</u>	<u>1.23</u>

*The shares were subdivided on a 2-for-1 basis
on August 1, 1973. Net operating income per share
has been adjusted accordingly.

File

National
Trust

Interim
Report
1976

For the six
months ended
April 30

Si vous préférez recevoir ce rapport en français, veuillez vous adresser au secrétaire,
Trust National, 21 King Street East, Toronto, Ontario M5C 1B3

CanCorp

Financial Statements (UNAUDITED)

	Six Months Ended April 30th	
	1976	1975
Statement of Income		
Income		
Interest from mortgages and other loans	\$ 39,194,200	\$ 31,408,300
Interest and dividends from investments	15,683,600	14,710,400
Fees and commissions	10,690,900	8,712,800
Real estate commissions	1,082,100	865,900
	<u>66,650,800</u>	<u>55,697,400</u>
Expenses		
Interest on deposits and certificates	41,483,500	35,823,300
Salaries and staff benefits	9,541,300	8,146,400
Real estate commissions	727,100	565,700
Premises	1,591,800	1,738,400
Other	4,909,000	3,425,100
	<u>58,252,700</u>	<u>49,698,900</u>
Operating income before taxes	8,398,100	5,998,500
Income taxes	<u>3,763,400</u>	<u>2,931,000</u>
Net operating income	<u>4,635,000</u>	<u>3,067,500</u>
Other net gains (losses) after related income taxes		
—Sale of investments	(6,000)	335,300
—Other	<u>1,100</u>	
Net Income	<u>\$ 4,630,100</u>	<u>\$ 3,402,800</u>
Per share—Net operating income	1.23	.81
—Net income	<u>1.23</u>	<u>.81</u>
Balance Sheet		
Assets		
Cash and bank deposit receipts	\$ 235,941,800	\$ 131,544,800
Securities and accrued investment income	180,522,600	261,387,100
Mortgage and other loans	808,651,600	684,330,400
Other assets	9,492,900	7,766,700
	<u>\$1,234,608,900</u>	<u>\$1,085,029,000</u>
Liabilities and Equity		
Deposits, guaranteed investment		
certificates and accrued interest thereon	\$1,162,918,200	\$1,016,683,300
Other liabilities	10,565,000	12,742,800
Shareholders' equity	61,125,700	55,602,900
	<u>\$1,234,608,900</u>	<u>\$1,085,029,000</u>
Estates, Trusts and Agencies	\$3,515,998,500	\$2,784,624,800

TO THE SHAREHOLDERS

Net operating income for the first half of our 1976 fiscal year amounted to \$1.23 per share compared with 81¢ per share for the same period last year. These results reflect the strong performance we are experiencing both in our fee producing departments and in our savings and guaranteed investment certificate business.

Notwithstanding that we are now in the second half of our second compliance year under the Anti-Inflation Programme announced in October 1975, we have still not received the regulations which are to govern the trust industry. Thus, we must again report that we are not able to inform shareholders about the possible effect of the Programme upon the Company.

E. H. HEENEY, *Chairman of the Board*

June 2, 1976.

As of May 27th we exercised an option we had been granted to acquire the real estate operations of H. Keith Limited, an Ontario based company founded about 25 years ago. At present it has 45 branches across Ontario with a staff, including office and sales personnel, in excess of 700 people. We believe that this acquisition, which is subject to the completion of certain legal requirements, will considerably strengthen our position as an important realtor and give us greater impetus in building for the future. The Directors have declared the regular dividend of 17¢ per share payable July 2, 1976.

J. L. A. COLHOUN, *President*

HIGHLIGHTS OF THE YEAR

**National
Trust**

SINCE 1898

Operating Results	1976	1975
Gross Income	\$ 144,900,000	\$ 117,399,000
Expenses	128,950,000	103,600,000
Net Operating Income	8,750,000	7,224,000

Position at Year-End

Securities	\$ 192,388,000	\$ 240,969,000
Mortgages	808,067,000	719,414,000
Total Company Assets	1,316,084,000	1,162,975,000
Estates, Trusts and Agencies Assets	3,840,500,000	3,146,500,000
Guaranteed Account	1,243,414,000	1,088,380,000
Shareholders' Equity	63,598,000	58,348,000

Per Share

Net Operating Income	\$ 2.31	\$ 1.91
Gain on Investments	(.09)	.05
Net Income Transferred to Retained Earnings	2.22	1.96
Dividends	.83	.79
Shareholders' Equity	16.82	15.43

Si vous préférez recevoir ce rapport en français, veuillez vous adresser au secrétaire,
Trust National, 21 King Street East, Toronto, Ontario M5C 1B3

Board of Directors

Melvyn G. Angus
*President, Lunham & Moore
Limited*

R. M. Barford
*President, Valleydene
Corporation Limited*

J. D. Barrington
Consulting Mining Engineer

J. R. Beattie
*Economic and Financial
Consultant*

Fraser W. Bruce

R. J. Butler
*Chairman, The T. Eaton Co.
Limited*

Ross T. Clarkson, Q.C.
*Courtois, Clarkson, Parsons
& Tétrault*

J. L. A. Colhoun
President

C. A. Duff
*Vice-President, Henry Birks
& Sons Limited*

Bryan A. Ellis
*President, Associated
Engineering Services Ltd.*

H. M. Gale

J. Douglas Gibson, O.B.E.
*Chairman of the Board, The
Consumers' Gas Company*

J. K. Godin
Mining Engineer

R. W. Hamilton
*President, Moore
Corporation Limited*

W. B. Harris
*Chairman, The Mercantile
and General Reinsurance
Company of Canada Ltd.*

E. H. Heeney
Chairman of the Board

George C. Hendrie
*Chairman of the Board,
Hendrie & Company
Limited*

W. G. Horsey
*President, Wilgran
Corporation Limited*

V. L. Horte
*President, Canadian Arctic
Gas Study Limited*

J. G. Hungerford, Q.C.
Honorary Chairman

R. M. Hungerford
*President, Flex-Lox Industries
Ltd.*

Donovan N. Knight
Business Consultant

A. Hazlett Lemmon
*Vice-President,
Chairman of the Board,
The Canada Life Assurance
Company*

A. J. Little, F.C.A.

Victor F. MacLean
Business Consultant

Hubert A. Martin, Q.C.
Martin & Martin

Anson C. McKim, O.B.E.

Graham Morrow, O.B.E.
*Director, Royal-Western
Assurance Group*

J. D. Muncaster
*President, Canadian Tire
Corporation, Limited*

James C. Parlee

Smiley Raborn, Jr.
*President and Chief Executive
Officer, CanDel Oil Ltd.*

John G. Sheppard
*Executive Vice-President, Financial,
Dominion Foundries and Steel,
Limited*

J. C. C. Wansbrough
Executive Vice-President

Harry H. Wilson

W. H. Young
*President, The Hamilton
Group Limited*

Executive Officers of the Company

E. H. Heeney
Chairman of the Board

J. L. A. Colhoun
President

J. C. C. Wansbrough
Executive Vice-President

D. McNab, C.A.
Secretary

D. M. McClelland, C.A.
Senior Vice-President

D. K. Burlton
*Vice-President, Savings and
Personal Loans*

R. G. Darling
*Assistant Vice-President,
Hamilton*

D. C. Dique
Vice-President, Finance

G. B. Empey
Vice-President, Finance

W. A. Foote
*Assistant Vice-President,
Finance*

A. C. C. Hedge
*Vice-President,
Corporate Services*

J. S. McKendy
Vice-President, Vancouver

J. H. McKibben
*Vice-President, Calgary,
Corporate Business Development,
Western Canada*

A. P. Smibert, C.A.
Vice-President & Comptroller

R. G. Smith
Vice-President, Personal Trust

A. S. Thompson
Vice-President, Finance

D. M. Vass, C.A.
Vice-President, Administration

J. A. Watson
Vice-President, Personnel

L. M. Baldwin
Manager, Marketing Services

Advisory Boards

MONTREAL

Melvyn G. Angus
President, Lunham & Moore Limited

Fraser W. Bruce

C. F. Carsley, M.B.E.
Chairman, CanVin Products Limited

André Charron, Q.C.
President, Lévesque, Beaubien Inc.

Ross T. Clarkson, Q.C.
Courtis, Clarkson, Parsons & Tétrault

C. A. Duff
Vice-President, Henry Birks & Sons Limited

Anson C. McKim, O.B.E.

Renault St-Laurent, Q.C., LL.D.
St-Laurent, Monast, Walters & Vallières

OTTAWA

J. R. Beattie
Economic and Financial Consultant

OSHAWA

David H. Lander
Secretary-Treasurer, Lander-Stark Oil Limited

Douglas G. Langmaid D.D.S.
Dentist

E. Richard S. McLaughlin
Director of Manufacturing-Fabrication, General Motors of Canada Limited

Edward G. Storie
President and General Manager, Fittings Limited

ST. CATHARINES

Earl R. Davey
Chairman of the Board, Canadian Ohio Brass Company, Limited

Gordon Godwin

H. E. Harris, Q.C.
Harris, Barr, Hildebrand and Daniel

WINNIPEG

Donovan N. Knight
Business Consultant

Randall L. Moffat
Chairman of the Board, Moffat Communications Limited

Ernest H. Moncrieff

Robert P. Purves
President, Inter-Ocean Grain Company Limited

C. Gordon Smith
President, Oldgard Limited

CALGARY

D. C. Jones
President, Hudson's Bay Oil and Gas Company Ltd.

Ross A. MacKimmie, Q.C.
MacKimmie Matthews & Co.

Smiley Raborn, Jr.
President and Chief Executive Officer, CanDel Oil Ltd.

John D. Wood
Senior Vice-President, Planning, ATCO Industries Ltd.

EDMONTON

Donald A. Carlson
President, A.V. Carlson Construction Limited.

Bryan A. Ellis
President, Associated Engineering Services Ltd.

Hugh McColl
President, South Park Motors Ltd.

A. Hoadley Mitchell
President, Mitchell & Associates Ltd., Oil & Gas Consultants

Alan H. Nash, C.A.
Campbell, Sharp, Nash & Field,

John L. Schlosser
President, Tri-Jay Investments Ltd.

VANCOUVER

Brenton S. Brown

Ronald L. Cliff, C.A.
Chairman, Inland Natural Gas Co. Ltd.

Graham R. Dawson
President, Dawson Construction Limited

H. H. Dingle

H. M. Gale

R. M. Hungerford
President, Flex-Lox Industries Ltd.

Victor F. MacLean
Business Consultant

Forrest Rogers
Chairman of the Board, The British Columbia Sugar Refining Company, Limited

Peter Paul Saunders
Chairman and President, Cornat Industries Ltd.

F. Cameron Wilkinson
President, Wilkinson Company Limited

VICTORIA

Thomas G. Denny

G. Fitzpatrick Dunn, F.C.A.

Logan Mayhew

W. Allan Pendray

Remarks of the Chairman of the Board

AT THE ANNUAL MEETING, DECEMBER 15, 1976

Ladies and Gentlemen:

This is the 79th Annual Meeting of the Company and I welcome all of you to it.

In a few minutes Mr. Colhoun, the President, and Mr. Wansbrough, our Executive Vice-President, will address you on the broad aspects as well as the details of our business in the past year. They will have much to say even though they will not permit themselves more than the briefest summary of events. I can assure you that they and all their colleagues have had a very busy year. The highly complicated economic and political world with which we have allowed ourselves to become surrounded in Canada imposes particularly harsh burdens on management and it is a matter of great regret to me that problems other than the problems of the business take up so much executive time.

However important it has been to reduce inflationary pressures and expectations by all possible means, the application of the Anti-Inflation Programme has been very costly to business in terms of the consumption of time and energy of senior management.

A programme suitable for trust companies was slow in developing. The Regulations applying to us were received only early in November. Therefore, even at this late date we are unable to determine their precise effect on our earnings. You will note that the Auditors have expressed their opinion on our accounts, subject to the resolution of our uncertainties as to the application of the Regulations.

For further information on this point I refer you to Note 10 to the Balance Sheet and also to the comments which the President will make in a few minutes.

He and his colleagues are a very earnest group of people indeed and they have again produced results for the year which I believe you will find to be satisfactory. The traditional strength of our Balance Sheet has been maintained and the earnings statement is favourable. Our profit position has allowed the Board to declare the regular quarterly dividend of 17¢ per share together with our usual year-end extra of 15¢ per share, both payable on January 3rd. The President, in dealing with the application of the Anti-Inflation Programme, will have more to say about our dividends.

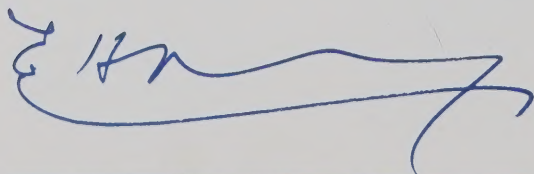
During the year a number of important changes took place in our Board of Directors and Advisory Boards.

First of all, I record with great regret that, owing to age restrictions in The Loan and Trust Corporations Act, Dr. C. G. Shaver will not stand for re-election. Dr. Shaver joined our Advisory Board in St. Catharines in 1967 and was elected a Director in 1973. He has served the Company with distinction and, in addition, it has been an honour for us to have been associated with him. We offer him our thanks and very best wishes.

Mr. D. G. Willmot has indicated his desire not to be re-appointed to our Advisory Board in St. Catharines. Mr. Willmot had been a Director for some years but, as a result of the last revision of the Bank Act, he decided in 1969 that he could no longer remain on our Board. He now stands down, reluctantly and for personal reasons, from our Advisory Board as well. Mr. Willmot is one of Canada's outstanding citizens. We thank him for his service to our Company and he takes with him our best wishes.

Our Calgary Advisory Board was greatly strengthened during the year by the appointment to it of two highly regarded businessmen: Dr. John D. Wood, Senior Vice-President of ATCO Industries Ltd. and Mr. D. Carlton Jones, President of Hudson's Bay Oil and Gas Company Limited. We welcome Dr. Wood and Mr. Jones and look forward to a long association with them.

I am pleased to have the opportunity of expressing the thanks of the officers and shareholders to all our Directors and Members of Advisory Boards for their great help during the year. These expressions of thanks tend to sound somewhat hackneyed and perfunctory. They are not meant to be. The interest that these gentlemen take in the affairs of your Company is one of the most important elements in our corporate life. Long may we continue together!



President's Address

AT THE ANNUAL MEETING, DECEMBER 15, 1976

Mr. Chairman, Ladies and Gentlemen:

1976 Results and Balance Sheet

1976 was an excellent year for the Company. Aided by substantial growth in all sectors of our business and more stable interest rates, we achieved a Net Operating Income of \$8,749,871. This is a record and represents earnings of \$2.31 per share, compared with \$1.91 per share in 1975. After taking into account the effect of certain investment transactions, Net Income amounted to \$8,384,093 or \$2.22 per share.

Our Balance Sheet continues to be strong. To keep pace with our growth in liabilities to the public, we have maintained a very liquid position. Our reserves rose by 11.2% and Shareholders' Equity now stands at \$63,598,491 or \$16.82 per share compared with \$15.43 per share last year.

Probably at no time in the history of the Company, or the trust industry as a whole, has the future been dependent on the outcome of so many important proposed legislative enactments. Among these are the bill to amend the Bank Act, which is expected to be presented to Parliament shortly, and a recently introduced bill entitled, "The Borrowers' and Depositors' Protection Act".

I shall comment on these matters later. Of more immediate concern to shareholders is the effect of the Anti-Inflation Programme upon both our dividend policy and our earnings.

Impact of Anti-Inflation Programme on 1976 Results

As shareholders are aware, our dividend policy is now controlled by Regulations issued under the Anti-Inflation Programme. Dividends paid in 1976 amounted to 83¢ per share, compared with 79¢ in the previous year. The difference of 4¢ results from a 2¢ increase made in the regular quarterly dividend payable July 2, 1975 and maintained thereafter. Thus, no change in dividend rate occurred after the Anti-Inflation Programme was announced on October 14, 1975. However, until we have clarified further the new rules as they relate to permissible increases in our dividend rates, we do not propose recommending a change in our present rate.

Shareholders will also be interested in the application of the Prices and Profit Margin Regulations to Company earnings. When first drafted, these Regulations did not reflect the diverse activities of the trust industry. However, the Anti-Inflation Board and its staff showed a great willingness to consult with the industry in preparing appropriate regulations. Issued early in November, these establish our first "compliance period" as the ten months ended October 31st last and require our first compliance period report to be filed not later than January 31, 1977.

Provided we do not increase our fees for our many fiduciary and agency services—which we have not done—we are excused any apparent excess revenue we might otherwise show from this part of our operations. There are many valid reasons for this position. Expenses in all categories are rising. Therefore, without an increase in fees, the industry will experience pressure on its profits, unless it can increase its productivity, and the Board has deemed this pressure to be sufficient restraint in the circumstances.

Profit margins on the intermediary or money side of our business, which come mainly from the investment spread we achieve, are controlled separately. We are required to freeze our service charges and are not permitted to increase the spread between the rate of interest we paid on October 13, 1975 on our 5-year Guaranteed Investment Certificates and the rate we charged on that date for our 5-year mortgages. In addition, profit margins from these activities will be restricted to 85% of the base period ratio of operating income before taxes to average assets employed. Since there is considerable uncertainty about the treatment of income arising from fixed term contracts entered into prior to the commencement of the control period and to the treatment of certain investment income, we cannot determine at this time the amount of excess revenue, if any, we may have in respect to our first compliance period. Attention is drawn to this point in Note 10 to our financial statements and in the Auditors' Certificate.

Operations

A major strength of any business is its staff. For some years now we have pursued a vigorous policy of staff training and development, as we feel the quality of our people will be reflected in the quality of their work.

In a more subtle but very distinct way we have altered our approach to the marketing of our services. We continue to sell our services on their quality and on the professionalism of our people. At the same time, we have recognized the importance of being more visible in the marketplace. Our future marketing plans will stress this point.

Our marketing efforts, our commitment to the highest possible standard of service, and the dedication of our staff have resulted in some of the largest increases in new business the Company has ever experienced. Mr. Wansbrough, our Executive Vice-President, will have more to say on this subject when he presents the financial statements. I shall merely touch upon the highlights.

Our appointments for pension trusts, deferred profit sharing plans, supplementary unemployment benefits and stock purchase plans alone produced an increase in assets

of \$601.9 million. Assets held for Estates, Trusts and Agencies now exceed \$3.840 billion.

Our Corporate Trust Department enjoyed the greatest increase in business in its history. Our Stock Transfer Department also had an excellent year.

Liabilities to the public in the form of Savings Deposits, Guaranteed Investment Certificates and Term Deposits increased by more than \$155 million.

Our search for new office locations is gaining momentum. We opened one new office prior to October 31st, three since that date, and we have at this time firm commitments for space for at least two offices in the coming year.

Our lending operations continue to be an important source of funds for the public. Our personal loans rose by \$12.1 million, after giving effect to repayments. To achieve this net gain we made new loans totalling \$28.2 million.

Once again, we have made a very significant contribution towards assisting Canadians in the acquisition of homes. Total new mortgage loans made or committed, including those acquired for client accounts, came to \$240 million, the majority of which were for housing accommodation. To assist home purchasers, we

introduced during the year our new Second Mortgage Plan. This programme provides preferential rates, often at our prime mortgage rate, for second mortgages where the total of the existing first mortgage and our second mortgage do not exceed the highest amount which we would lend on a first mortgage on a property completely free of charges.

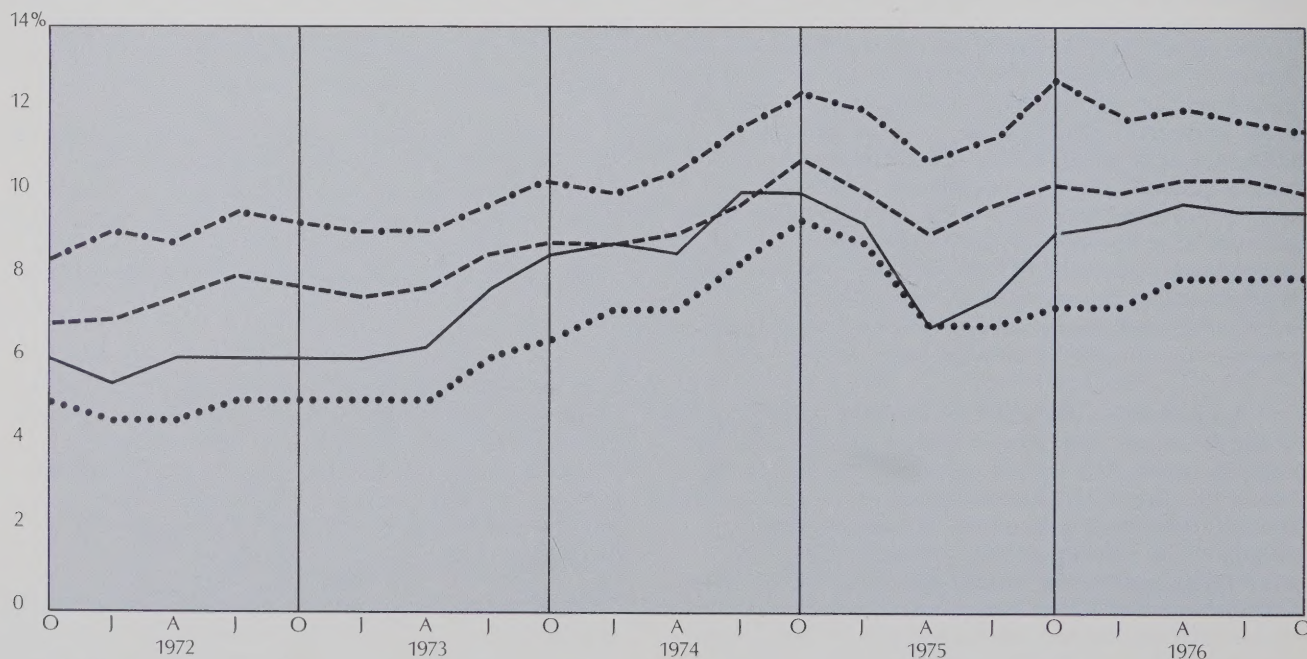
In his remarks, Mr. Wansbrough will speak about a number of other new services we developed and offered during the year.

In June we acquired the business of H. Keith Limited. As I said at that time, this acquisition, together with others carried out in 1975 and 1976, is evidence of our intention to make National Trust one of the leading realtors in Canada. Moreover, the addition of Keith's 45 offices in Ontario to our branch network will enable us to improve our penetration of this important market area with our other services.

A great deal of attention, manpower and financial resources were committed during the year to upgrading our data processing capacity. More savings offices were brought "on line", the development of a new and sophisticated mortgage accounting system completed, and conversion to this new system commenced. Progress was made in linking the branches directly with the central

Selected Interest Rates*

Special Savings Accounts Mortgage Lending Rate
Guaranteed Investment Certificates 1 Year Term — 5 Year Term —



computer at Head Office. Mini-computers have been or will be installed in all main offices and these will be used to transmit data direct to the main computer overnight. The updated information will then be available the following morning for use in the branches. This innovation will resolve many problems experienced with slow postal and other forms of data transmission. Later this year a system will be introduced which will enable the branch mini-computers to make direct inquiry into the central computer.

We are also actively engaged in studies designed to make it possible for us to participate in any Electronic Funds Transfer Systems that at some future date will form part of the total Canadian Payments System.

Improved Borrowing Power

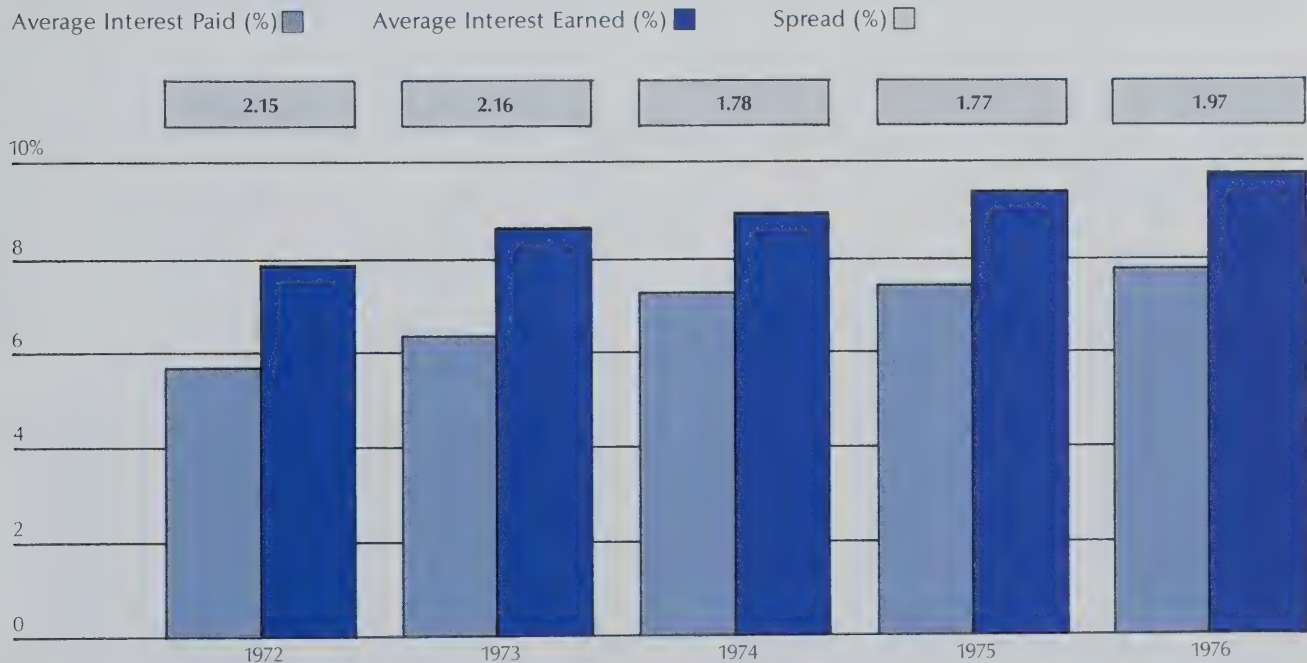
At the last Annual Meeting, the shareholders confirmed By-Law No. 108 which authorized the Company to apply to the Registrar of Loan and Trust Corporations for permission to increase deposits by not more than 25 times the excess of assets over liabilities. This number is referred to as the "multiplier" and I am pleased to report that National Trust has been granted a multiplier of 22.5, the highest factor approved for trust companies at this time.

If we had not received this increase in multiplier, we would have had to enlarge our borrowing base through the issue of subordinated debt or preferred or common shares. With the latitude still available to us under By-Law No. 108, it is unlikely that we shall have to contemplate a share issue in the near term to support our anticipated growth in deposits.

Amendments to the Bank Act

The Federal Government's preliminary position on possible changes to the Bank Act was set forth in late August in a White Paper. A major proposal, and one which the trust industry welcomes, is that all deposit-taking institutions be admitted to membership in a new Canadian Payments Association. This will give the trust industry direct access to cheque clearing in the near term and, in the longer term, provide equality of opportunity as Electronic Funds Transfer Systems develop in Canada. We are concerned, however, about the imposition of reserve requirements on trust companies as a condition of membership of the proposed Payments Association. Obviously, members will have to maintain operating balances with the Association, supported by adequate standby credit arrangements to cover their clearing liabilities. These should vary with the size and nature of each company's chequable deposits, as they do

Interest Rate Spread



under present arrangements. To establish uniform reserve requirements for non-chequable as well as chequable deposits would amount to an effective reserve requirement of more than 15% when measured against the industry's total chequable deposits. To say the least, these requirements strike most unfairly at the trust industry's competitive position and, based on 1975 figures, could impose a cost of about \$9 million before taxes on the industry.

Of equal importance is the fact that such requirements will unnecessarily immobilize substantial sums of money which, again based on 1975 figures, have been estimated to be in the neighbourhood of \$100 million, after allowing for till money in the industry's branch system.

Any comments on the proposed reserve requirements must also stress the fact that these requirements duplicate an existing system of regulation for the protection of our depositors that is effective and more suited to the nature of our industry's obligations.

In short, our position is that, if reserves having the characteristics set out in the White Paper are to be mandatory, they should be limited to chequable deposits. If this view is unacceptable to the Government, we should at least be permitted to maintain our reserve requirements with the Bank of Canada in the form of interest-bearing securities. If we are unsuccessful in obtaining relief as suggested, it will be necessary for us to press strongly for a review of federal and provincial trust company legislation aimed at offsetting the costs to us of the proposed reserve system. This can be accomplished by eliminating the duplication inherent in having liquidity as well as reserve requirements, by improving our multiplier so that our leverage more nearly matches that of the chartered banks, and by expanding our range of authorized investments to lessen our dependence on mortgages.

So far as the other proposals in the White Paper are concerned, they are either neutral towards or moderately positive for the trust industry.

The Borrowers' and Depositors' Protection Act

Recently introduced by the Federal Government is a bill entitled, "The Borrowers' and Depositors' Protection Act". One of its stated purposes is to provide protection to borrowers against unethical practices. The practices in question are not engaged in by the major providers of credit such as the trust industry, the chartered banks and credit unions, to mention but a few examples. Yet, these institutions will be subjected, as a result of this legislation, to substantial administrative costs which can only increase the cost of credit to the public.

To subject reputable lending institutions to the implications of an "unwarranted credit charge rate" is itself unwarranted. These institutions have established their pre-eminent position because of the ethical practices they have followed since their incorporation—in many cases before Confederation. The concept of "unwarranted credit charge rate" now places the burden of proof on us. Under the legislation as it now stands, a borrower wishing to buy time for himself need only stop making payments and when sued plead that his credit charge rate is unwarranted. The onus is then on the lender to prove that the rate was in fact warranted. Besides overburdening our courts, this type of action will take many months, if not years, to resolve. In the meantime, the borrower is not required to pay any interest or principal.

In summary, this means costs to the lender, which will be reflected in costs to the borrower and it will also necessitate a more stringent look at the would-be-borrower who may find credit more difficult to obtain. If lenders become more cautious, will this not improve the climate for the expansion of loan sharking—an activity this legislation is trying to eradicate?

I urge the government to exempt the institutions to which I have referred from the provisions of this legislation, requiring them only to disclose the cost of the credit being provided and the amount of the net principal sum being granted. With this information, the potential borrower will have all the information he needs to evaluate the cost of the credit being offered by any lending institution with which he is dealing.

One of the great strengths of National Trust is its Balance Sheet. Present management is committed to the principles that, in the past, have resulted in such strength. Amongst these is the careful matching of maturities as between deposits accepted and loans made. Thus, the funds for our major asset—five-year mortgages on residential housing—are obtained from the sale of our 5-year Guaranteed Investment Certificates. This principle is jeopardized by the proposed legislation.

A very small proportion of the mortgage portfolios of the major trust companies is invested in NHA mortgages where the mortgagor has the right to repay in full after 3 years on a 5-year mortgage. The exercise of this right is acceptable because of its limited effect. However, if all 5-year mortgages financed out of 5-year deposits can be repaid at the end of 3 years, as the legislation proposes, the very basis of the trust industry's financial well being will be undermined. As a matter of prudence, the industry could not live with this situation and a fundamental change in mortgage financing will result.

Staff

Over the past year a number of changes have been made in the senior management of the Company. Mr. Donald C. Dique, Manager of our Money Market Operations, was made responsible as well for the performance of our pooled and segregated pension funds and appointed a Vice-President, Finance. Mr. A. E. Gardiner, Manager at Edmonton, was appointed Manager, Trust Services at Toronto to strengthen the marketing of our personal trust services. He will be replaced in Edmonton by Mr. Peter F. Coenen, formerly Manager of our Corporate Trust Department in Vancouver. In September Mr. Howard H. Holst, who opened our Kamloops office in 1973, was appointed Manager in Winnipeg, one of our oldest offices, and his place was taken in Kamloops by Mr. A. W. S. Donald, who was Senior Trust Officer in Winnipeg.

Our rapid development in recent years has placed considerable burdens upon our staff. In addition, they have had to cope with an astonishing array of legislative changes. The time now spent by many of the staff in contact with government at all levels is very significant. On top of all of this, they have had to accept restraint on their compensation because of the Anti-Inflation Programme. It is with great pride that I recognize and thank

them for their wholehearted co-operation, without which the results of the past year could not have been achieved.

It gives me great pleasure also to thank the Directors and the members of our Advisory Boards for their helpful assistance throughout the year.

Outlook

We look towards 1977 with quiet confidence. In our business, we foresee a continuation next year of the stability which characterized 1976. We are also confident that the trust industry will find satisfactory solutions to the legislative problems I have just discussed.

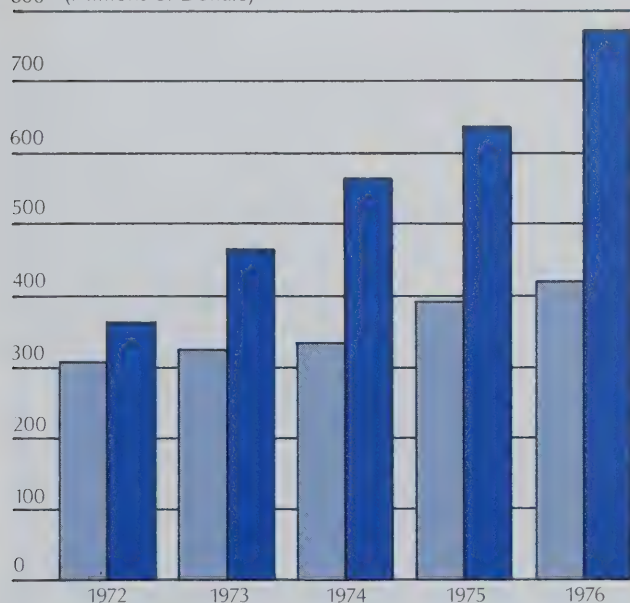
Internally we have a strong Balance Sheet, a broader base from which to operate, and a competent staff led by a resourceful management team. These are the requisites for success.



Growth in Deposits

■ - Chequing and Special Savings Deposits
■ - Guaranteed Investment Certificates

800 (Millions of Dollars)

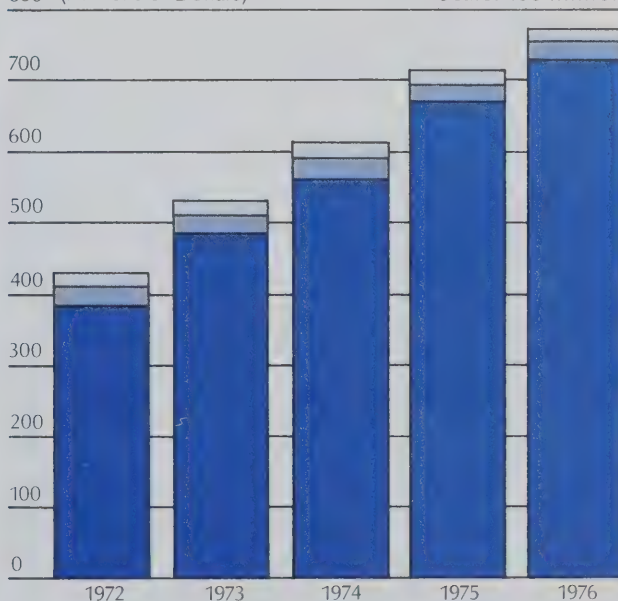


Mortgage Loans

Residential ■ Commercial & Industrial ■ Other □

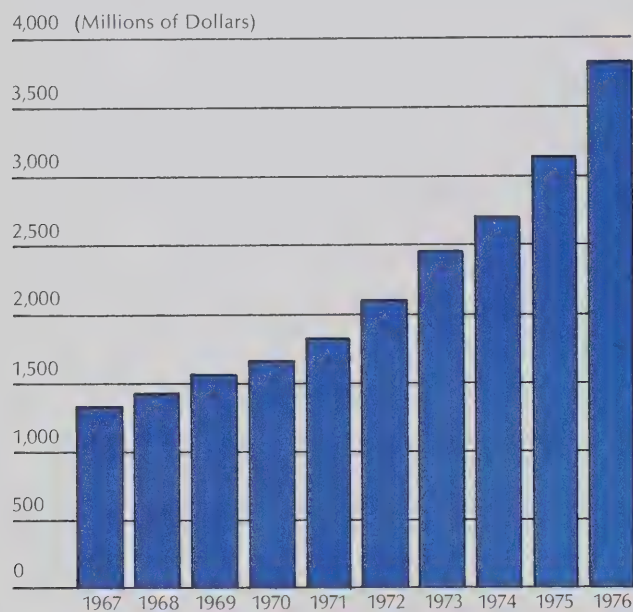
800 (Millions of Dollars)

Scale: 100 million

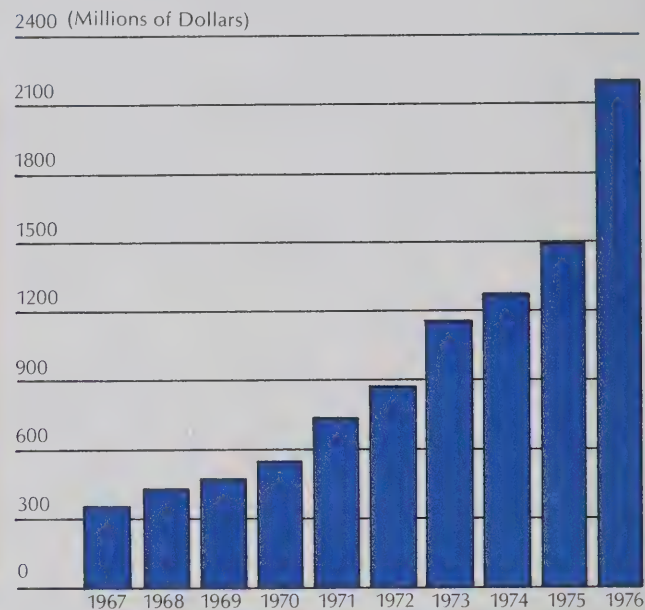


NOTE: Does not include funds committed but not paid out

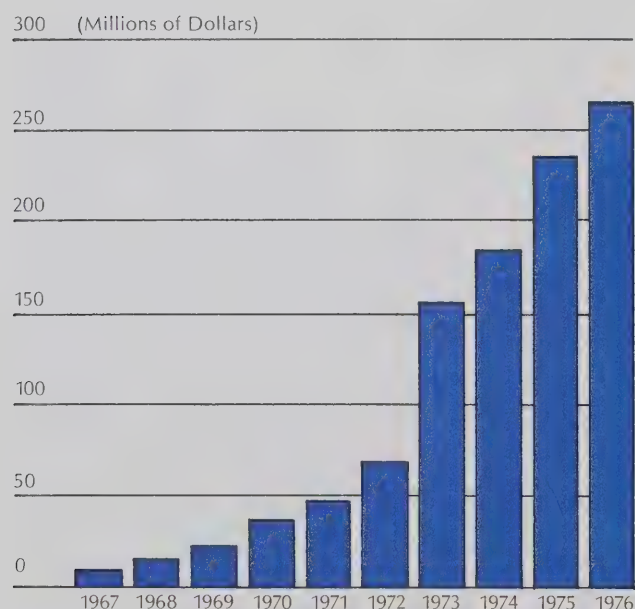
Estates, Trusts and Agencies Assets Under Administration



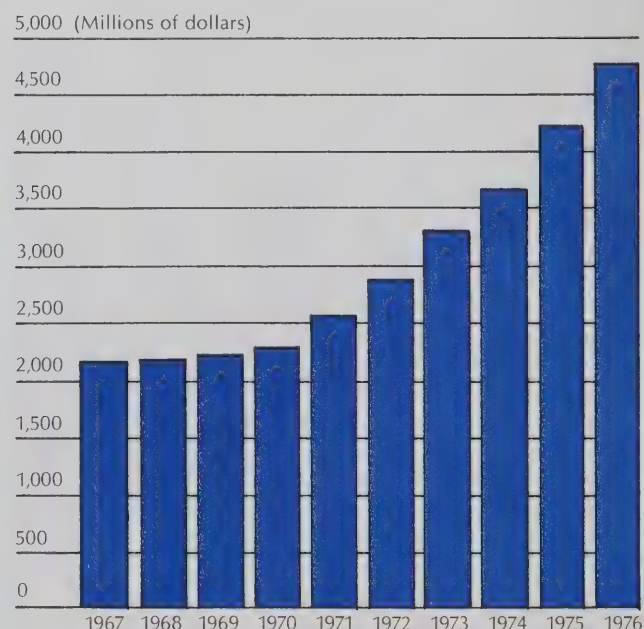
Total Pension Trust Assets Under Administration



Registered Retirement Savings Plans



Corporate Bond and Debenture Issues Under Administration



Report of the Executive Vice-President

AT THE ANNUAL MEETING OF SHAREHOLDERS, DECEMBER 15, 1976

Mr. Chairman, Ladies and Gentlemen:

The financial statements before you today are strong evidence of the Company's continued growth and prosperity. As Mr. Colhoun has mentioned, both earnings and assets under administration achieved record levels. The results were brought about by a strong combination of human and financial resources.

Earnings from operations increased by 21% to \$8.7 million. After allowing for the effect of investment transactions, earnings were \$8.4 million which is \$1 million higher than ever before.

A great deal of this year's success can be attributed to the changes which have been made in the Company's bond and money market holdings over the past several years. We continued to sell longer term bonds with low interest rates and to increase our holdings of short term notes and bank deposits. As a result we were able to take advantage of higher interest rates in 1976 as they developed. The average yield on our bond and money market holdings increased by more than 1% over 1975.

Higher yields combined with a steady increase in total assets produced an additional \$20 million of revenue from loans and investments. In total, this income was \$115.6 million and, after allowing for interest expense, the net investment revenue amounted to \$25.9 million. This was \$44 million higher than last year.

The record amount of new business contributed to the largest fee income in the Company's history. This income increased by \$3.2 million to \$22.4 million. Since the introduction of the Anti-Inflation Programme we have not raised the fees for any of our services.

Revenues of each major operating department were up by about 10% with substantially larger growth in the Personal Trust and Pension Trust departments. Approximately \$800,000 of the overall increase is due to a change in the method of recording income fees from estates, which is referred to in the notes to the financial statements. This was offset by certain non-recurring expenses associated with the expansion of real estate operations and the introduction of a new mortgage accounting system.

Real estate sales commissions rose from \$2.6 million to \$6.8 million. This was largely due to the acquisition of H. Keith Ltd. as of May 1st this year. After allowing for commission paid to agents, income from real estate operations before other expenses increased from \$1 million to \$2.5 million. National Trust is now a major force in real estate sales in Ontario.

The business of H. Keith Ltd. was started some twenty-five years ago and was an organization of more than 500 salesmen in 45 offices throughout Ontario when we acquired it. Other smaller companies purchased

during the year were Jupp Real Estate in Barrie and Unireal Corporation in Toronto. We have a strong base from which to continue to expand the real estate operation and to market the other services of the Company.

The costs of operating our business continued to climb. After interest expense, salaries and related benefits were the largest expenses item, amounting to \$20.5 million. In order to look after the growing volume of business, we added 46 employees to the staff during the year; in addition, the cost of the approximately 150 salaried employees of H. Keith Ltd. was included for half of the year. The rate of salary increases is governed by regulations issued under the Anti-Inflation Programme and we have complied with them. A great deal of time is devoted to staff matters and considerable strength was added to the Personnel Department this year. Manpower planning and training are the responsibility of each manager but much presidential and executive time is spent on these vital matters. National Trust provides an excellent career opportunity for ambitious men and women. Salaries are equal to or better than those in the community for comparable jobs and working conditions are good.

Premises expenses increased by \$350,000 this year after increasing \$400,000 last year. The largest portion of the increase was due to the rental and furnishing of new space but significant sums are spent each year on refurbishing existing offices.

Other expenses rose by \$3.1 million to \$10.4 million. Almost half of the increase is due to the inclusion of the expenses of the Keith operation. The balance of the difference relates primarily to a higher budget for advertising and to the development and implementation of new mortgage, accounting and payroll systems. Communications costs, including postage, express and telephone, also continued to climb sharply. When the new systems to which Mr. Colhoun referred are operative we will experience some reduction in communications costs, although the principal purpose of the new systems is to provide better service rather than to reduce costs.

Turning to the Balance Sheet, total assets of the Company increased by \$153 million to \$1,316 million. Cash and bank deposits increased by a little over \$100 million and our bond holdings declined by almost \$50 million. This change was brought about by a reduction in the notes held of Canadian corporations and an increase in bank deposits which earned a higher rate of interest.

Statutory liquidity requirements were \$100 million, against which we held eligible investments of \$211 million. In addition we had \$137 million in other securities maturing within one year. The Company is in a very liquid position with securities of excellent quality. The average term of the bond portfolio is 2.7 years. When all the other short term securities are included the average term is 2.1 years.

The mortgage portfolio is a strong one with approximately 92% in single family dwellings and 35% insured either under NHA or with private insurers. The value of our holdings is \$808 million. After allowing for repayments and providing for the needs of our clients, the Company's mortgages increased by \$89 million.

Loans on securities declined from \$21 million to \$12 million. These loans are made to investment dealers on the security of approved money market securities and are subject to call on a daily basis. The amount of these loans depends upon our daily cash position and the extent of the fluctuation is not significant.

Personal loans increased by 66% to \$30.6 million. The major portion of the increase was on loans secured by second mortgages and the loan portfolio is a sound one. Write-offs this year were \$35,000 and a small amount of previous write-offs was recovered.

The liabilities side of the Balance Sheet shows our savings deposits increased by \$16 million to \$411 million. Guaranteed Investment Certificates grew by \$125 million to \$764 million. In total, liabilities to the public, including term deposits, grew by \$155 million or 14%.

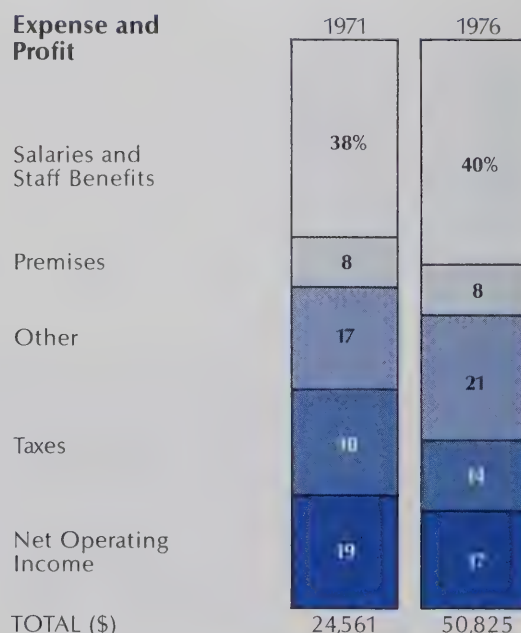
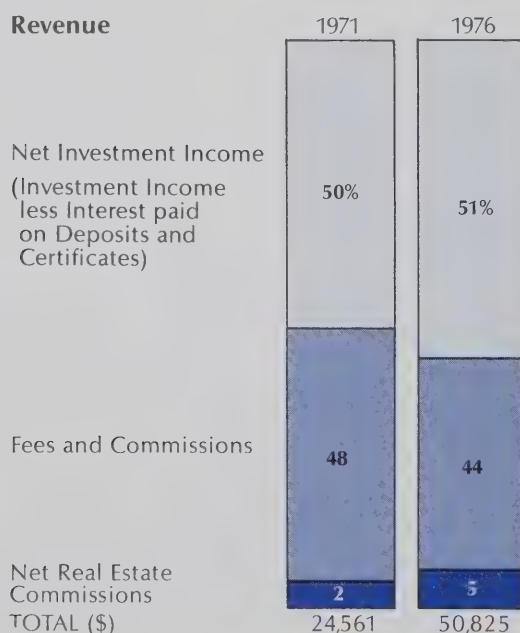
In order to attract additional deposits it is necessary to add new features to our existing services, introduce new services and open new branches. The Free Chequing

Account, which was first offered in 1975, continued to increase at a satisfactory rate. The "Club 60" accounts which were introduced during the year resulted primarily in transfers from existing accounts. This service was, however, a very important new plan which succeeded in retaining a substantial amount of existing business. Another new feature was a deposit option which was made available to Deferred Profit Sharing Plans. We shall be introducing a similar one for the holders of Registered Retirement Savings Plans soon. A new feature was made available to purchasers of Guaranteed Investment Certificates whereby interest is paid monthly on amounts in excess of \$10,000 without any reduction in the interest rate.

One new savings branch was opened during the year, in Sudbury. Three further openings have taken place since the end of the year. A full service office was opened in Ottawa on November 8th, located in the new head office building for Canada of the Metropolitan Life Insurance Company, and two savings offices have been opened in Metropolitan Toronto, one in the Cliffcrest Plaza on Kingston Road and the other in Sheridan Mall on Wilson Avenue. Plans have been finalized for the opening of offices in London and Guelph during 1977.

Income taxes payable at the year end show a very sharp reduction. Until December 31st, 1975 income tax payments could be deferred on accrued investment income, at which time the tax on such income became

Sources and Distribution of Revenue 1971/1976 (\$000)



payable. This change resulted in a payment of \$6 million on December 31st. The balance of the difference is due to a change in the method of calculating interim tax payments. Each year we have the right to elect the option which will minimize the amount of such interim payments.

Shareholders' Equity increased from \$58.3 million to \$63.6 million and dividends paid during the year amounted to \$3,138,000 or 83¢ per share. This year's statement has consolidated the General Reserve and Retained Earnings into one account under the heading of Retained Earnings.

Assets held for Estates, Trusts and Agencies, which do not form part of the statement, increased by nearly \$700 million to \$3,840 million. When the growth in the Company's assets is added to that of our fiduciary business, total assets administered by the Company increased by \$847 million and now amount to \$5.2 billion. This is a reflection of the very strong confidence which our clients have in the Company and we will do all we can to continue to earn this confidence.

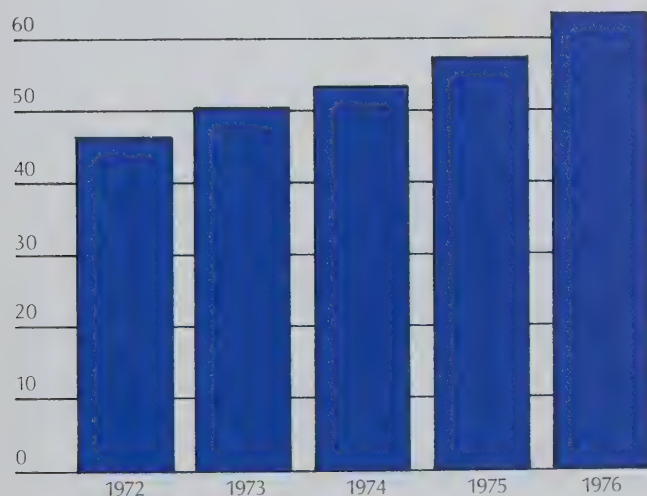
In looking ahead we see opportunities to grow, both in the amount of business and the level of earnings. We have been in a very competitive market and this will continue. I am confident we have the staff and resources to meet the challenges ahead and that we will have another good year in 1977.

In closing I would like to add my thanks to the staff who have been responsible for the excellent results achieved this year.

J. C. Wauson

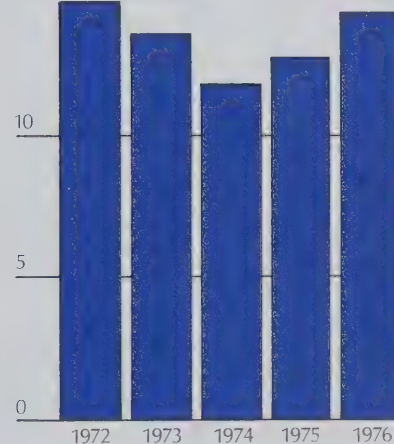
Shareholders' Equity

70 (Millions of Dollars)



Return on Shareholders' Equity

15%



BALANCE SHEET AS AT OCTOBER 31, 1976

(WITH COMPARATIVE FIGURES FOR 1975)

**National
Trust**

SINCE 1898

ASSETS	<u>1976</u>	<u>1975</u>
Cash and bank deposit receipts.	\$ 261,954,829	\$ 154,348,042
Securities: (Note 2)		
Bonds	172,081,602	221,928,887
Stocks	20,306,262	19,039,858
	<u>192,387,864</u>	<u>240,968,745</u>
Loans		
Advances to estates, trusts and agencies	1,132,739	630,253
Loans on securities	11,939,789	21,200,067
Personal loans	30,624,692	18,471,874
Mortgages.	808,067,368	719,414,399
	<u>851,764,588</u>	<u>759,716,593</u>
Other assets.	3,636,364	3,519,202
Premises, leasehold improvements and equipment, less accumulated depreciation (Note 3)	6,340,503	4,422,509
	<u>\$1,316,084,148</u>	<u>\$1,162,975,091</u>

(See accompanying notes to financial statements)

On behalf of the Board



E. H. HEENEY, Chairman of the Board



J. L. A. COLHOUN, President

LIABILITIES	1976	1975
Guaranteed Account: (Note 5)		
Savings deposits	\$ 411,092,369	\$ 395,061,305
Guaranteed investment certificates	764,615,258	639,597,958
Term deposits	67,706,468	53,721,037
	<u>1,243,414,095</u>	<u>1,088,380,300</u>
Income taxes payable	208,590	9,735,254
Other liabilities	3,639,209	1,977,205
Deferred income taxes (Note 7)	5,223,763	4,534,295
 SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized—5,000,000 shares of \$1 par value		
Issued and fully paid—3,781,238 shares (Note 6) . . .	3,781,238	3,780,798
(1975—3,780,798 shares)		
Contributed surplus	8,050,018	8,045,948
Retained earnings	51,767,235	46,521,291
	<u>63,598,491</u>	<u>58,348,037</u>
	<u>\$1,316,084,148</u>	<u>\$1,162,975,091</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of National Trust Company, Limited as at October 31, 1976 and the statements of income, contributed surplus and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances and we obtained all the information and explanations we required.

In our opinion, subject to resolution of the uncertainties about the Company's position under the anti-inflation programme as referred to in Note 10, these financial statements present fairly the financial position of the Company as at October 31, 1976 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, November 30, 1976

Clarkson, Gordon & Co.,
Chartered Accountants

STATEMENT OF INCOME

FOR YEAR ENDED OCTOBER 31, 1976 (WITH COMPARATIVE FIGURES FOR 1975)

	1976	1975
Income		
Interest from mortgage and other loans	\$ 80,982,081	\$ 66,423,317
Interest and dividends from investments.	34,638,228	29,130,361
Fees and commissions	22,444,548	19,226,122
Real estate sales commissions	6,835,344	2,619,573
	<u>144,900,201</u>	<u>117,399,373</u>
Expense		
Interest on deposits and certificates.	89,734,780	74,086,657
Salaries and staff benefits	20,517,882	17,022,582
Real estate commissions.	4,339,830	1,606,283
Premises.	3,885,255	3,535,070
Other	10,472,663	7,349,234
	<u>128,950,410</u>	<u>103,599,826</u>
Operating income before taxes	15,949,791	13,799,547
Income taxes (Note 7)	7,199,920	6,575,732
Net operating income.	8,749,871	7,223,815
Other net gains (losses) including provision for losses, after related income taxes (Note 7)		
On investments	(369,271)	13,837
On disposal of other assets	3,493	189,502
Net income—transferred to retained earnings	<u>\$ 8,384,093</u>	<u>\$ 7,427,154</u>
Earnings per share (Note 1)		
Net operating income	\$2.31	\$1.91
Other net gains (losses)	(.09)	.05
Net income.	<u>\$2.22</u>	<u>\$1.96</u>

(See accompanying notes to financial statements)

STATEMENT OF RETAINED EARNINGS

FOR YEAR ENDED OCTOBER 31, 1976 (WITH COMPARATIVE FIGURES FOR 1975)

	1976	1975
Balance at beginning of year—retained earnings.	\$ 2,021,291	\$ 1,609,234
—general reserve	44,500,000	40,471,209
	46,521,291	42,080,443
Add: Net income for the year	8,384,093	7,427,154
	54,905,384	49,507,597
Deduct:		
Dividends aggregating 83 cents per share		
(79 cents per share in 1975)	3,138,149	2,986,306
Balance at end of year	\$51,767,235	\$46,521,291

STATEMENT OF CONTRIBUTED SURPLUS

FOR YEAR ENDED OCTOBER 31, 1976 (WITH COMPARATIVE FIGURES FOR 1975)

Balance at beginning of year	\$ 8,045,948	\$ 8,033,294
Add: Proceeds in excess of par value of Capital Stock issued during year.	4,070	12,654
Balance at end of year	\$ 8,050,018	\$ 8,045,948

NOTES TO FINANCIAL STATEMENTS

AS AT OCTOBER 31, 1976

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. Accounting policies of particular significance are set out below.

a) Investments

Bonds and mortgages are included at amortized cost; discounts and premiums are amortized over the term to maturity. Other loans and stocks are included at cost. Provision is made for all anticipated losses.

b) Premises and Equipment

Premises, leasehold improvements and equipment are recorded at cost. Depreciation is based on the estimated useful life of the assets, calculated on a straight-line or diminishing balance method as considered most appropriate for each type of asset.

c) Income Taxes

Income taxes are provided on reported income in accordance with the tax allocation method. Under this method timing differences between reported and currently taxable income are provided for in the form of deferred income taxes. The timing differences relate principally to

- i) depreciation; and
- ii) reserves deductible for tax purposes against possible future losses on certain mortgages and bonds.

Operating income before taxes includes non-taxable dividends; accordingly, the apparent effective tax rate is less than the general corporate rate.

d) Income

Investment income and interest expense are recorded on the accrual basis. Fees and commissions are generally recorded as earned, except for certain capital and revenue fees from estates and trusts which are included in income only upon final approval, usually by the courts. In prior years that part of fees charged in respect of the revenue of estates and trusts was included in income only on the passing of accounts before the courts, which takes place at intervals of three to four years to limit the cost to the estates and trusts in question. On the other hand, to avoid unreasonable fluctuations in the revenue of these estates and trusts, estimated annual fees, while not taken into income, were reserved and appropriate T3 income tax returns issued to the beneficiaries.

This practice of reserving fees in respect to the revenue of estates and trusts has been discontinued with regard to estates and trusts coming under administration after November 1, 1974 and will gradually be terminated as accounts are passed before the courts with regard to estates and trusts which came under administration prior to that date. This will have the effect, over the next several years, of increasing the amount of income which would otherwise have been recorded in respect to estates and trusts under administration.

As a result, revenue fees included in 1976 income exceed the fees which would otherwise have been recorded by approximately \$800,000 before related taxes of \$390,000.

e) Earnings per Share

Earnings per share are based on the weighted average of shares outstanding during the period.

2. SECURITIES

Cost and market values, in thousands of dollars, at October 31, are:

	1976		1975	
	Cost	Market	Cost	Market
Bonds				
Government of Canada	\$ 22,504	\$ 20,628	\$ 17,725	\$ 15,779
Provinces of Canada	32,744	30,769	50,820	47,932
Municipalities	11,665	10,974	15,357	14,321
Other—maturing within one year	35,382	35,368	69,254	69,252
—other maturities	59,009	55,579	61,690	56,009
Investment income due and accrued	10,778	10,778	7,083	7,083
	<u>172,082</u>	<u>164,096</u>	<u>221,929</u>	<u>210,376</u>
Stocks	20,306	22,767	19,040	22,104
	<u>\$192,388</u>	<u>\$186,863</u>	<u>\$240,969</u>	<u>\$232,480</u>

3. OFFICE PREMISES

Office premises, equipment and leasehold improvements are stated at cost less accumulated depreciation. The accumulated depreciation at the end of the year was \$3,092,809 (1975—\$2,417,690). Depreciation included in operating expenses amounted to \$715,417 (1975—\$451,614).

4. ACQUISITION OF REAL ESTATE ORGANIZATION

In May, 1976, the Company purchased for approximately \$1,560,000 the operations and net assets of H. Keith Limited, an Ontario based real estate organization. The excess of the purchase price over the fair value of the Keith net assets, amounting to \$600,000, will be amortized by charges to income over a period of 4 years.

5. ASSETS HELD FOR GUARANTEED DEPOSITS AND ACCRUED INTEREST

	(Thousands of dollars)	
	1976	1975
Cash and bank deposit receipts	\$ 231,321	\$ 151,047
Securities	161,682	184,596
Mortgages	808,026	713,079
Other loans	42,385	39,658
	<u>\$1,243,414</u>	<u>\$1,088,380</u>

6. SHARE CAPITAL AND EMPLOYEE STOCK OPTIONS

Options forfeited amounted to 2280 shares and options exercised during the year and still outstanding at October 31st, 1976 are as follows:

Year Granted	Option Price	Exercised during year		Outstanding	
		Number of Shares	Total Value	Number of Shares	Expiry Date
1967	\$ 8.25	—	—	462	1977
1969	10.25	440	\$ 4,510	5,122	1979
1971	13.50	—	—	1,600	1981
1972	19.625	—	—	16,880	1982
1974	22.00	—	—	17,520	1984
		<u>440</u>	<u>4,510</u>	<u>41,584</u>	
Totals 1976		<u>440</u>	<u>4,510</u>	<u>41,584</u>	
Totals 1975		<u>1,368</u>	<u>\$14,022</u>	<u>44,304</u>	

The exercise of options outstanding would not materially dilute earnings per share.

7. INCOME TAXES

Income taxes, current and deferred, have been provided in the Statement of Income as follows:

	1976		1975	
	On operating income	On other income	On operating income	On other income
Current	\$6,519,923	\$(433,524)	\$11,961,681	\$(468,659)
Deferred	679,997	–	(5,385,949)	–
	<u>\$7,199,920</u>	<u>\$(433,524)</u>	<u>\$ 6,575,732</u>	<u>\$(468,659)</u>

Income taxes payable in 1975 included a provision for tax on investment income accrued but not yet received. In years prior to 1975 income taxes provided on such income were not payable on a current basis and were therefore included in deferred income taxes.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid to directors and senior officers amounted to \$754,363 (1975–\$661,168).

9. CONTRACTUAL OBLIGATIONS

Contractual obligations in respect of leases expiring between 1976 and 1998 amount to \$17,857,867 (1975–\$18,423,893) at the end of the year. Rents paid in 1976 amounted to \$2,283,475 (1975–\$1,806,635).

10. ANTI-INFLATION PROGRAMME

Under the Federal Government's anti-inflation programme (presently scheduled to be in force until December 31, 1978), the Company is subject to mandatory compliance with legislation which controls prices, profit margins, employee compensation and shareholder dividends.

To date the Company has been required to file compliance period reports only with respect to employee compensation and such reports have been accepted by the Anti-Inflation Board.

Compliance period reports with respect to profit margins will incorporate the report with respect to dividends. As the Regulations relating to profit margins for the trust industry were not issued until early in November, the initial compliance period report has not yet been filed. Therefore, the Company is not in a position to comment on the prospective attitude of the Anti-Inflation Board to this report when ultimately filed.

The Company may have excess revenue with regard to its intermediary activities. Because of uncertainties as to the application of the regulations, principally with respect to treatment of income arising from long term contracts and certain investments, the Company cannot determine the amount, if any, of such excess revenue.

New Developments in 1976

REAL ESTATE EXPANSION PROGRAMME

This past year National Trust stepped up its real estate expansion in Ontario with the purchase of three real estate firms.

The major acquisition of H. Keith Limited of Ontario added 45 offices and a sales staff of more than 500 people to National Trust's real estate operations, giving the Company one of the largest real estate branch networks in Ontario.

The two other firms include Unireal, a Toronto-based firm specializing in industrial, commercial and investment properties, and Jupp Real Estate of Barrie who have merged their sales force with the Company's Keith Division office in that city.

These latest acquisitions are part of National Trust's continuing programme of expanding its real estate services across Canada.

CLUB 60

National Trust's Club 60 programme was introduced during this past year as a special service to clients 60 years of age and over.

The programme offers increased benefits and cost savings; the principal feature being a cost-of-living bonus which is based on the annual increase in the Consumer Price Index. The percentage increase on the cost-of-living is applied to the interest deposited during the years to the client's Special Savings Account or chequable Savings Account or both, and is deposited annually on November 30th.

Other Club 60 features include free Traveller's Cheques and Money Orders, free personalized cheques, and free chequing privileges on our chequable Savings Account.

Club 60 members are eligible for a 25% reduction in the fee of one of our tax services, the "Tax Return Completion Service". They also receive a Membership Card which entitles them to cash their own personal cheques up to \$100 at any National Trust Savings Office.

The programme particularly appeals to those clients who may be living on a fixed retirement income.

MONTHLY INTEREST GUARANTEED INVESTMENT CERTIFICATES

The Company recently introduced a monthly interest payment option for Guaranteed Investment Certificates purchased in amounts of \$10,000 and over. Monthly interest certificates are available for any term from one to five years and pay the same rate of interest as the regular semi-annual interest certificates. Many institutions reduce the rate of interest payable for those electing the monthly interest option.

The interest is paid directly into the client's National Trust deposit account. It is particularly suited to those who wish to supplement their regular monthly income.

SUMMARY OF GROWTH

New Basis*

Operating Results	1976	1975	1974	1973
Fees and Commissions	\$ 29,280,000	\$ 21,846,000	\$ 18,593,000	\$ 16,918,000
Investment Income	115,620,000	95,554,000	84,811,000	63,477,000
Interest Paid on Deposits and Certificates	89,735,000	74,087,000	66,397,000	45,683,000
Salaries and Other Expenses	39,216,000	29,513,000	24,866,000	21,842,000
Income Taxes	7,200,000	6,576,000	5,936,000	6,338,000
Net Operating Income	8,750,000	7,224,000	6,206,000	6,532,000
Dividends	3,138,000	2,986,000	2,645,000	2,564,000

Position at Year-End

Securities	\$ 192,388,000	\$ 240,969,000	\$ 221,423,000	\$ 227,328,000
Mortgages	808,067,000	719,414,000	622,691,000	538,006,000
Total Company Assets	1,316,084,000	1,162,975,000	1,025,297,000	885,661,000
Estates, Trusts and Agencies Assets	3,840,500,000	3,146,500,000	2,721,000,000	2,442,000,000
Savings Deposits	411,092,000	395,061,000	324,727,000	318,100,000
Guaranteed Investment Certificates	764,615,000	639,598,000	560,851,000	460,722,000
Term Deposits	67,706,000	53,721,000	76,245,000	48,456,000
Shareholders' Equity	63,598,000	58,348,000	53,893,000	50,190,000

Per Share

(Adjusted to reflect subdivision in 1973 of capital stock of the Company on a two for one basis, thereby doubling the number of shares authorized and issued and changing the par value from \$2.00 to \$1.00.)

Net Operating Income	\$ 2.31	\$ 1.91	\$ 1.64	\$ 1.73
Dividends	.83	.79	.70	.68
Shareholders' Equity	16.82	15.43	14.26	13.30

Note: The Valuation Day Value for income tax purposes on the \$2.00 par value share was \$32.50 as of December 22, 1971. After the stock split, the value is now \$16.25 per share.

*As reported in the 1971 Annual Statements, major changes were made in accounting with the result that some statistics for 1969 and prior years may not be strictly comparable with those for the period 1970 to 1975.

New Basis*			As Previously Reported			
1972	1971	1970	1970	1969	1968	1967
\$ 15,251,000	\$ 12,877,000	\$ 11,739,000	\$ 11,250,000	\$ 10,153,000	\$ 9,137,000	\$ 8,213,000
50,727,000	44,009,000	40,231,000	39,078,000	30,191,000	25,377,000	22,848,000
35,484,000	31,713,000	30,745,000	30,745,000	21,711,000	17,537,000	14,552,000
18,173,000	15,975,000	14,496,000	14,855,000	14,022,000	12,776,000	12,484,000
5,804,000	4,492,000	3,369,000	2,241,000	2,197,000	2,031,000	1,972,000
6,516,000	4,706,000	3,360,000	2,487,000	2,414,000	2,169,000	2,053,000
1,955,000	1,607,000	1,530,000	1,530,000	1,380,000	1,304,000	1,211,000
\$ 234,860,000	\$ 228,365,000	\$ 215,781,000	\$ 204,430,000	\$ 205,151,000	\$ 185,746,000	\$ 175,258,000
440,254,000	349,769,000	281,651,000	276,241,000	249,143,000	210,304,000	190,073,000
756,357,000	635,521,000	557,346,000	540,420,000	486,181,000	406,658,000	374,473,000
2,090,000,000	1,814,000,000	1,676,000,000	1,676,000,000	1,565,000,000	1,432,000,000	1,303,000,000
302,714,000	280,778,000	236,456,000	236,456,000	229,856,000	212,737,000	209,430,000
362,197,000	287,381,000	223,417,000	223,417,000	179,021,000	134,658,000	108,563,000
39,200,000	32,164,000	55,419,000	55,419,000	52,769,000	36,015,000	33,863,000
46,116,000	41,277,000	38,198,000	24,564,000	23,589,000	22,542,000	21,658,000
\$ 1.73	\$ 1.26	\$.90	\$.66	\$.64	\$.58	\$.55
.52	.43	.41	.41	.37	.35	.32
12.25	11.02	10.23	6.58	6.32	6.04	5.81

National Trust opens new branches

During 1976, National Trust opened five new offices. Three of these are situated in shopping centres which serve major residential areas.

In Calgary, our main office has been relocated in OXFORD SQUARE, a new downtown office complex.

The opening of the Ottawa main office is the starting point in our expansion of financial service outlets in the Ottawa/Hull region. The new Ottawa office is located in the Metropolitan Life building at the corner of Bank and Albert Streets.



Cliffcrest Plaza, Toronto
Manager: R. E. Byrnes



Sheridan Mall, Toronto
Manager: J. Colangelo

99 Bank Street, Ottawa, Manager: A. N. Smith





150 OXFORD SQUARE, Calgary, Manager: W. J. Rhind

New Sudbury Shopping Centre, Manager: B. Moore



National Trust Offices

Main and Savings Offices

TORONTO

Head Office

21 King Street East
M5C 1B3
(416) 364-9141 Cable: Natrusco
Telex: 06-22028

Savings Offices

21 King Street East
G. A. Stephenson, Manager

18 Bloor Street West
L. Redford, Manager

45 St. Clair Avenue West
R. W. Lillie, Manager

938 St. Clair Avenue West
Mrs. S. Lyons, Manager

350 Eglinton Avenue West
J. Atherton, Manager

1547 Bayview Avenue
G. P. Beck, Manager

2072 Danforth Avenue
D. C. Smith, Manager

Golden Mile Plaza
1882 Eglinton Avenue East
J. T. Morris, Manager

Eastown Shopping Centre
2646 Eglinton Avenue East
D. McBride, Manager

Scarborough Town Centre
300 Borough Drive
D. Twiss, Manager

Agincourt Mall
3850 Sheppard Avenue East
W. D. Wilson, Manager

Bridlewood Mall
2900 Warden Avenue
J. Eastwood, Manager

3350 Yonge Street
Mrs. D. M. Lowe, Manager

Northtown Shopping Centre
5385 Yonge Street
W. L. Smith, Manager

203 Roncesvalles Avenue
T. Sandercock, Manager

2360 Bloor Street West
Mrs. J. E. Semeredy, Manager

2860 Lakeshore Blvd. West
R. Auzins, Manager

Cloverdale Mall
Hwy. 427 & Dundas Street West
W. G. Martin, Manager

Sherway Gardens
25 The West Mall
D. A. Millar, Manager

1922 Weston Road
W. K. Kidd, Manager

Bramalea City Centre
Hwy. 7 & Dixie Road, Bramalea
G. E. Guerin, Manager

Cliffcrest Plaza
2985 Kingston Road
R. E. Byrnes, Manager

Sheridan Mall, North York
1700 Wilson Avenue,
J. Colangelo, Manager

MONTREAL

1350 Sherbrooke Street West
D. W. S. Dunlop, Manager
(514) 281-1570

Savings Offices

1011 St. Catherine Street West
G. J. R. Leblanc, Manager

Rockland Shopping Centre
2237 Rockland Road
Mrs. B. Paar, Manager

Cavendish Mall
5800 Cavendish Blvd.
Mrs. M. Kronstal, Manager

OTTAWA

99 Bank Street
A. N. Smith, Manager
(613) 563-0271

OSHAWA

32 Simcoe Street South
D. G. Malcolm, Manager
(416) 723-5207

HAMILTON

11 Main Street East
R. G. Darling, Manager
(416) 526-1200

Savings Offices

The Centre Mall, Barton Street
B. J. Fortune, Manager

Fennell Square Shopping Centre
Upper Gage and Fennell Avenues
R. A. Grace, Manager

999 King Street West
Mrs. V. O. Gavey, Manager

527 Brant Street, Burlington
J. Darling, Manager

ST. CATHARINES

26 Queen Street
W. F. Gliddon, Manager
(416) 682-6683

SUDBURY

New Sudbury Shopping Centre
1349 LaSalle Blvd.
B. V. Moore, Manager
(705) 560-0224

WINNIPEG

250 Portage Avenue
H. H. Holst, Manager
(204) 947-0281

Savings Office

Polo Park Shopping Centre
1485 Portage Avenue
J. B. Ward, Manager

CALGARY

150 OXFORD SQUARE
W. J. Rhind, Manager
(403) 263-1460

Savings Office

179 Chinook Centre
6455 Macleod Trail
J. L. Cox, Manager

EDMONTON

10072 Jasper Avenue
P. F. Coenen, Manager
(403) 429-4361

Savings Office

Westmount Shoppers' Park
111 Avenue & Groat Road
J. H. Gairns, Manager

KAMLOOPS

205 Victoria Street
A. W. S. Donald, Manager
(604) 374-0353

VANCOUVER

510 Burrard Street
J. S. McKendy, Manager
(604) 684-8431

Savings Offices

1037 Denman Street
Mrs. E. Gilbert, Manager

Park Royal Shopping Centre
Marine Drive, West Vancouver
E. J. de Haan, Manager

Brentwood Shopping Centre
Willingdon Avenue, Burnaby
L. G. Greenwood, Manager

VICTORIA

1280 Douglas Street
W. A. Southwell, Manager
(604) 388-5451

Savings Offices

2190 Oak Bay Avenue
D. B. Richardson, Manager

Hillside Shopping Centre
3108 Shelbourne Street
M. J. Anton, Manager

Real Estate Offices*Main Office*

181 Eglinton Avenue East
Toronto (416) 487-3333
W. J. Kucherepa, Manager

QUEBEC*Montreal Area*

Rockland Shopping Centre
Town of Mount Royal
Cavendish Mall, Cote St. Luc
5 Valois Bay Avenue
Pointe-Claire

Dorval Gardens Shopping Centre
Dorval

1 Place Laval
Chomedey, Laval

Ile Perrot Shopping Centre
Ile Perrot

ONTARIO*Toronto Area*

181 Eglinton Avenue East
Agincourt Mall
Bayview Mall
4887 Dundas Street West
2817 Eglinton Avenue East
616 Logan Avenue
Northtown Shopping Centre
Sheridan Mall
45 St. Clair Avenue East
81 Underhill Drive

7310 Woodbine Avenue
Markham

Highway 620
Apsley

59 Hastings Street North
Bancroft

109 Bayfield Street
Barrie

Bell Mews Plaza
Bells Corners

125 Queen Street East
Brampton

620 Brant Street
Burlington

445 Brant Street
Burlington

Main Street
Coldwater

2 Hurontario Street
Collingwood

12 Toronto Street
Flesherton

150 Wollwich Street
Guelph

999 King Street West
Hamilton

11 Main Street East
Hamilton

115 Main Street West
Huntsville

404 The Queensway South
Keswick

158 Lindsay Street South
Lindsay

1165 Oxford Street East
London

30 Wellington Street East
Markham

165 Dundas Street West
Mississauga

R.R. #1, Highway 11
Gravenhurst

47 Main Street South
Newmarket

141 Main Street East, North Bay

225 Church Street, Oakville

33 Broadway Avenue
Orangeville

30 Westmount Drive North
Orillia

337 King Street West, Oshawa

116 Lisgar Street, Ottawa

22 Jane Street, Parry Sound

177 Pembroke Street East
Pembroke

405 George Street South
Peterborough

680 Goderich Street
Port Elgin

124 King Street South
Powassan

Pendle Shopping Centre
St. Catharines

Highway 11, South River
Streetsville Plaza, Streetsville

2685 Lauzon Road, Windsor

3877 Dougall Road, Windsor

MANITOBA

Polo Park Shopping Centre
Winnipeg

ALBERTA

13236-118th Avenue
Edmonton

BRITISH COLUMBIA

1451 Marine Drive
West Vancouver

104-3960 Quadra Street
Victoria

Hillside Shopping Centre
Victoria

National Trust Services

Services for Individuals

Chequing and Savings Accounts
Personal, Home Owner and Demand Loans
Special Term Deposits
Guaranteed Investment Certificates
Natrusco Common Share Fund
Safety Deposit Boxes
Traveller's Cheques
Money Orders and Drafts
Club 60

Registered Retirement Savings Plans
Registered Home Ownership Savings Plan
Income Averaging Plans

Real Estate Sales
Property Appraisals and Management
Mortgage Loans

Investment Management
Custodianship of Securities
Capital Gains Accounting
Tax Reporting

Estate and Will Planning
Executor, Trustee and Administrator
Agent for Private Executors and Trustees
Guardian of Infants' Property
Committee/Curator for mentally incompetent
or physically incapable persons
Trustee and Agent for Charitable Foundations

Services for Corporations and other Organizations

Trustee and Agent for Pension, Profit-Sharing
and other Employee Benefit Plans

Investment Advisor

Term Deposits

Stock Transfer Agent and Registrar
Dividend Disbursing Agent
Dividend Reinvestment Plan for Shareholders
Scrutineer for Corporate Proceedings

Trustee for Bonds, Debentures
and Warrant Issues
Depository and Escrow Agent
Interest Disbursing Agent

Commercial and Industrial Real Estate Sales
Property Management and Appraisals
Real Estate Transfer Plan for Key Employees
Mortgage Financing

Trustee and Agent for Foundations
and other Funds

